

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 1876 - SB 1878**

March 2, 2018

**SUMMARY OF BILL:** Reduces by 50 percent the fees paid in the certificate of need (CON) program by any hospital that is a critical access hospital, as designated by the Department of Health (DOH).

**ESTIMATED FISCAL IMPACT:**

**Decrease State Revenue - \$45,100/Health Services and Development Agency**

**Other Fiscal Impact – Pursuant to Tenn. Code Ann. § 68-11-1623(b), the Health Services Development Agency (HSDA) is required to be self-sufficient. As of March 1, 2018, the HSDA's account balance is estimated to be approximately \$570,000, with an additional reserve fund account balance of approximately \$258,600. The HSDA may increase fees for other CON applicants in the future, if necessary, to remain self-sufficient.**

**Assumptions:**

- Critical access hospitals only pay fees to the Health Services and Development Agency (HSDA) when applying for a CON or an amendment to a CON. There are currently 15 critical access hospitals, with 4 more in the process of converting. The number of hospitals that will obtain critical access status in the future is unknown.
- In FY15-16, the HSDA collected a total of \$180,341 in filing fees; in FY16-17, no filing fee revenue was received. The average filing fee revenue over the two years is estimated to be \$90,171  $(\$180,341 + \$0) / 2$  years).
- Assuming a 50 percent reduction in filing fees, the recurring decrease in state revenue is estimated to be \$45,085  $(\$90,171 \times 50.0\%)$ .
- Pursuant to Tenn. Code Ann. § 68-11-1623(b), the HSDA is required to be self-sufficient.
- In FY16-17, the HSDA collected a total of \$1,032,993 in revenue and expended a total of \$967,035, for a surplus of \$65,958 for the year. The HSDA's account balance as of March 1, 2018 is estimated to be approximately \$570,000, with an additional reserve fund account balance of \$258,561.
- Based on information provided by the DOH, the proposed legislation will not have a significant impact on any programs or policies of the department; therefore, any fiscal impact is estimated to be not significant.

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**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

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